
Charter Township of Oakland

Oakland County, Michigan

Financial Report
with Supplemental Information
March 31, 2022

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Independent Auditor's Report

To the Township Board of Trustees
Charter Township of Oakland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Oakland (the "Township") as of and for the year ended March 31, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of March 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Township Board of Trustees
Charter Township of Oakland

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.



July 27, 2022

Overview of the Financial Statements

The Charter Township of Oakland's (the "Township") 2022 annual report is presented in conformity with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Township and the notes to the financial statements. The first two statements are government-wide financial statements that provide both long- and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities, regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Township's net position and how it has changed. Net position, the difference between the Township's assets and liabilities, is one way to measure the Township's financial health.

The government-wide financial statements of the Township are divided into two categories:

- **Governmental Activities** - Most of the Township's basic services are included here, such as public safety, public works, recreation and culture, and general administration. Property taxes, state-shared revenue, and charges for services provide most of the funding.
- **Business-type Activities** - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system and building inspection services are treated as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. The township board establishes other funds to control and manage money for particular purposes. The Township has three types of funds as follows:

- **Governmental Funds** - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.
- **Proprietary Funds** - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information.
- **Fiduciary Funds** - The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in separate statements. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Charter Township of Oakland

Management's Discussion and Analysis (Continued)

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The Township has total net position of \$93.1 million, composed of \$57.3 million from governmental activities and \$35.9 million from business-type activities. The table below shows a condensed format comparison of net position as of the current date to the prior year.

The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 25,294,998	\$ 23,435,501	\$ 16,158,264	\$ 16,247,112	\$ 41,453,262	\$ 39,682,613
Capital assets	34,445,573	28,615,466	23,082,075	23,424,772	57,527,648	52,040,238
Total assets	59,740,571	52,050,967	39,240,339	39,671,884	98,980,910	91,722,851
Liabilities						
Current liabilities	2,201,454	963,753	812,859	951,981	3,014,313	1,915,734
Noncurrent liabilities	285,895	606,139	2,569,891	2,715,332	2,855,786	3,321,471
Total liabilities	2,487,349	1,569,892	3,382,750	3,667,313	5,870,099	5,237,205
Net Position						
Net investment in capital assets	34,445,573	28,295,466	21,041,159	21,524,774	55,486,732	49,820,240
Restricted	12,232,634	13,143,167	-	-	12,232,634	13,143,167
Unrestricted	10,575,015	9,042,442	14,816,430	14,479,797	25,391,445	23,522,239
Total net position	\$ 57,253,222	\$ 50,481,075	\$ 35,857,589	\$ 36,004,571	\$ 93,110,811	\$ 86,485,646

The Township experienced an increase in net position of the governmental activities, as revenue exceeded expenses. The Township experienced a decrease in the net position of the business-type activities, as expenses exceeded revenue.

Charter Township of Oakland

Management's Discussion and Analysis (Continued)

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
Program revenue:						
Charges for services	\$ 610,169	\$ 677,390	\$ 3,873,709	\$ 4,337,403	\$ 4,483,878	\$ 5,014,793
Operating grants	527,661	836,062	-	260,480	527,661	1,096,542
Capital grants	2,717,198	-	105,746	95,774	2,822,944	95,774
General revenue:						
Property taxes	8,956,929	8,730,690	-	-	8,956,929	8,730,690
Intergovernmental	2,368,192	1,587,695	-	-	2,368,192	1,587,695
Investment earnings	166,588	110,452	79,710	170,795	246,298	281,247
Other revenue	1,114,696	486,640	839,914	902,152	1,954,610	1,388,792
Total revenue	16,461,433	12,428,929	4,899,079	5,766,604	21,360,512	18,195,533
Expenses						
General government	1,305,822	1,424,971	-	-	1,305,822	1,424,971
Public safety	4,198,655	4,722,772	-	-	4,198,655	4,722,772
Public works	309,404	285,806	-	-	309,404	285,806
Community and economic development	165,209	145,157	-	-	165,209	145,157
Recreation and culture	3,710,196	3,374,538	-	-	3,710,196	3,374,538
Debt service charges	-	19,200	-	-	-	19,200
Operating expenses other than depreciation	-	-	5,046,061	3,591,748	5,046,061	3,591,748
Depreciation	-	-	-	876,728	-	876,728
Other nonoperating expenses	-	-	-	982,211	-	982,211
Total expenses	9,689,286	9,972,444	5,046,061	5,450,687	14,735,347	15,423,131
Change in Net Position	\$ 6,772,147	\$ 2,456,485	\$ (146,982)	\$ 315,917	\$ 6,625,165	\$ 2,772,402

Revenue for governmental activities totaled \$16.5 million in 2022. A total of \$9.0 million, or approximately 54 percent, of all revenue received by the Township was in the form of property tax collections. Property taxes as a whole increased by 2.6 percent in 2022 due to an increase in taxable values. The General Fund operating millage decreased by 0.0051 mills from the prior year.

Governmental activities revenue increased by approximately \$4,000,000, primarily due to three factors: The Land Preservation Fund received a state grant of \$2,717,198 to assist with the purchase of the new Fox Nature Preserve. It is expected that an additional \$300,000 will be received in the upcoming fiscal year related to that project as well. The Land Preservation Fund also made approximately \$493,000 on the sale of two parcels of land tied to the Fox Nature Preserve. Also, there was an increase of about \$766,000 in state-shared revenue received as a result of the population increase related to the 2020 census. Of that amount, \$440,000 was a one-time adjustment related to fiscal year end 2021 that the State paid out in April 2022.

Governmental expenses decreased in total by approximately \$283,000 due to the following factors: There was an increase of \$335,700 in recreation and cultural expenses over the previous year due to programming and seasonal workers coming back to pre-pandemic levels in the 21-22 fiscal year. This increase was offset with a \$524,000 decrease in public safety-related expenses due to the timing of larger capital purchases being made in the 2020-2021 fiscal year.

Net position for the business-type activities decreased by approximately \$147,000 from the prior year, mainly due to the reduction in water and sewer activity related to less people working from home in the 2021-2022 fiscal year as compared to the earlier days of the pandemic in the previous fiscal year and increased operating costs related to inflation.

Charter Township of Oakland

Management's Discussion and Analysis (Continued)

Financial Analysis of Township Funds and Budgets

The General Fund ended 2022 with a total fund balance of \$10.8 million, with \$9.1 million in unassigned fund balance. The total General Fund amended budget for revenue exceeded the actual amount by approximately \$105,000 or 2.6 percent, which relates to the state-shared revenue line item. We received late notice of census-related adjustments that ended up coming in a bit lower than expected. Total expenditures before transfers were under the amended budget by approximately \$770,000 or 28.6 percent. A number of public works and other capital expenditures were not started or completed at fiscal year end, contributing to favorable variances of approximately \$169,000 and \$251,000, respectively. Many of these items were subsequently reappropriated in the nine months ending December 31, 2022.

Besides the General Fund, the Township reports budgetary comparison schedules for each of its other major special revenue funds, those being the Fire Fund, Police Fund, Parks Fund, and Land Preservation Fund. The Fire, Police, Parks, and Land Preservation funds all reported neutral or favorable net budget variances of approximately \$0, \$189,000, \$508,000, and \$218,000, respectively. (The Fire Fund is partially subsidized by the General Fund, which is why the variance was \$0.) The favorable variances are mainly due to construction projects not being started or completed by the conclusion of the fiscal year.

During the 2020-2021 fiscal year, the Township entered into a lease agreement with Six Rivers Conservancy, which purchased three parcels of property (approximately \$5.1 million) with money that was fronted by the Township from its lease. (This payment consisted of a \$4,089,545 loan from the General Fund to the Land Preservation Fund, and then the Land Preservation Fund contributed the balance of the funds.) The Township will keep the largest parcel of the property. The two smaller parcels were sold in June 2021 for approximately \$1.3 million; this money will be used by the Land Preservation Fund to begin paying back the General Fund. The Township applied for a State of Michigan MNRTF grant for \$3 million, and \$2.7 million was received in January 2022 upon closing of the property. The remaining \$300,000 is recorded as an accounts receivable/deferred inflow and is expected to be received prior to the end of August 2022. The Land Preservation Fund paid back all amounts owed to the General Fund in April 2022 related to this transaction.

In addition to the information on pages 11 and 12, the table below is included to show an expected use of cash for various funds over the coming months. This analysis is for supplemental purposes to assist the reader in understanding the cash flows of these funds but in no way changes the information in the financial statements that follow. Property tax revenue is collected during the months of December through March of the current fiscal year. Prudent cash management requires that, at the end of any fiscal year, the equivalent of eight months of property tax revenue be available for subsequent year expenditures until tax collections resume again in December. Below is a presentation of available unassigned (in the General Fund) or restricted (all other funds) fund balance based on budgeted revenue and expenditures through December 31, 2022.

It should be noted that the Oakland Township board of trustees voted to change the fiscal year from a March 31 year end to a calendar year end. This report covers the last fiscal year ended March 31, 2022. The subsequent reporting period will be nine months long and will serve as a transitional year from April 1, 2022 through December 31, 2022. After which time, the Township will follow a calendar year beginning January 1, 2023.

	General Fund	Fire Fund	Police Fund	Parks Fund	Trails Improvement Fund	Land Preservation	Historic District Commission Fund
Unassigned/restricted fund balance	\$ 9,136,110	\$ 1,269,394	\$ 3,924,673	\$ 2,261,837	\$ 1,626,116	\$ 890,212	\$ 608,630
Budgeted use of fund balance in subsequent period from 4/1/2022 - 12/31/2022	(1,150,175)	(1,057,400)	(1,988,550)	(1,334,300)	(303,750)	(725,187)	(133,700)
Fund balance in excess of tax revenue for the next eight months and budgeted use	<u>\$ 7,985,935</u>	<u>\$ 211,994</u>	<u>\$ 1,936,123</u>	<u>\$ 927,537</u>	<u>\$ 1,322,366</u>	<u>\$ 165,025</u>	<u>\$ 474,930</u>

Capital Assets and Debt Administration

At the end of 2022, the Township's governmental activities had approximately \$34.4 million of capital assets, net of depreciation, invested in buildings, land improvements, information technology, equipment, and vehicles. The governmental activities reported approximately \$7 million of additions this year. Major acquisitions include a fire engine, ambulance, fire equipment, and the Fox Nature Preserve. The business-type activities reported approximately \$23 million of capital assets, net of depreciation, primarily invested in infrastructure assets. The business-type activities reported approximately \$542,000 of additions for the year.

There is no general obligation debt as of March 31, 2022. Debt relating to the Oakland-Macomb Interceptor Drainage sewer system totaling approximately \$2.4 million is recorded as a liability on the business-type activities statement of net position.

The Township is currently planning for two water storage facilities to be constructed in the coming years. The Water Fund will issue approximately \$10 million of debt to finance these projects.

For more information on capital assets and debt, please see Notes 3 and 5, respectively.

Current Economic Events

The Township realized a \$66 million, or 4.4 percent, increase in taxable values in fiscal year 2022 compared to the previous year. For the fiscal period from April 1, 2022 through December 31, 2022, taxable values have increased by another \$89 million, or 5.6 percent. Accelerating property values, along with new housing starts, continue to provide the Township with a steady stream of revenue. With a healthy General Fund balance, minimal debt, and no legacy costs, the Township is in an excellent economic position to (1) maintain and improve services to its residents, (2) assess and meet its capital needs going forward, and (3) provide appropriate staffing levels within its departments. In recent years, these conditions have allowed the Township to lower its operating millage within the General Fund budget.

Aside from services provided through the General Fund millage, the Township, through additional voter-approved millages, provides fire, police, senior citizen, safety path, trail system, parks, land preservation, library, and historic district preservation services and activities. The Township is the premier location in southeast Michigan to live and enjoy the open spaces provided by our user-friendly park system. Building on the long tradition of conservative money management, the Township retains significant fund balances in all of our operating accounts. These fund balances allow us to maintain quality services, even during economic downturns. The fund balances also allow us to meet major capital needs without the need to incur debt. The current fiscal period April 1, 2022 through December 31, 2022 will see continued attention to our unpaved road system. High on the agenda for resolution this fiscal year is plan development for our water and sewer systems.

Requests for Further Information

This financial report is intended to provide a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Charter Township of Oakland

Statement of Net Position

March 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 2)	\$ 23,387,642	\$ 14,731,411	\$ 38,119,053
Receivables:			
Property taxes receivable	238,513	-	238,513
Receivables from sales to customers on account	-	890,112	890,112
Accrued interest receivable	11,795	12,005	23,800
Other receivables	198,687	-	198,687
Due from other governmental units	1,305,159	2,177	1,307,336
Prepaid expenses and other assets	153,202	27,998	181,200
Restricted assets (Note 1)	-	494,561	494,561
Capital assets: (Note 3)			
Assets not subject to depreciation	25,675,420	933,944	26,609,364
Assets subject to depreciation - Net	8,770,153	22,148,131	30,918,284
Total assets	59,740,571	39,240,339	98,980,910
Liabilities			
Accounts payable	821,410	117,427	938,837
Due to other governmental units	25,550	60,716	86,266
Refundable deposits, bonds, etc.	500	596,017	596,517
Accrued liabilities and other	288,741	38,699	327,440
Unearned revenue (Note 1)	1,065,253	-	1,065,253
Noncurrent liabilities: (Note 5)			
Due within one year	188,821	172,179	361,000
Due in more than one year	97,074	2,397,712	2,494,786
Total liabilities	2,487,349	3,382,750	5,870,099
Net Position			
Net investment in capital assets	34,445,573	21,041,159	55,486,732
Restricted:			
Police	3,924,708	-	3,924,708
Fire	1,343,164	-	1,343,164
Cable	127,106	-	127,106
Parks	2,280,350	-	2,280,350
Trails	1,626,169	-	1,626,169
Historic District Commission	610,544	-	610,544
Library	1,123,667	-	1,123,667
Land preservation	1,196,926	-	1,196,926
Unrestricted	10,575,015	14,816,430	25,391,445
Total net position	<u>\$ 57,253,222</u>	<u>\$ 35,857,589</u>	<u>\$ 93,110,811</u>

Charter Township of Oakland

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,305,822	\$ 140,523	\$ -	\$ -
Public safety	4,198,655	335,061	4,657	-
Public works	309,404	-	-	-
Community and economic development	165,209	-	3,500	-
Recreation and culture	3,710,196	134,585	519,504	2,717,198
Total governmental activities	9,689,286	610,169	527,661	2,717,198
Business-type activities:				
Sewer Fund	1,720,399	1,532,108	-	105,746
Water Fund	2,499,605	1,686,286	-	-
Building	826,057	655,315	-	-
Total business-type activities	5,046,061	3,873,709	-	105,746
Total primary government	\$ 14,735,347	\$ 4,483,878	\$ 527,661	\$ 2,822,944
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended March 31, 2022

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,165,299)	\$ -	\$ (1,165,299)
(3,858,937)	-	(3,858,937)
(309,404)	-	(309,404)
(161,709)	-	(161,709)
(338,909)	-	(338,909)
(5,834,258)	-	(5,834,258)
-	(82,545)	(82,545)
-	(813,319)	(813,319)
-	(170,742)	(170,742)
-	(1,066,606)	(1,066,606)
(5,834,258)	(1,066,606)	(6,900,864)
8,956,929	-	8,956,929
2,368,192	-	2,368,192
166,588	79,710	246,298
371,181	-	371,181
743,515	839,914	1,583,429
12,606,405	919,624	13,526,029
6,772,147	(146,982)	6,625,165
50,481,075	36,004,571	86,485,646
\$ 57,253,222	\$ 35,857,589	\$ 93,110,811

Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
Assets				
Cash and investments (Note 2)	\$ 10,795,847	\$ 1,145,024	\$ 4,488,454	\$ 2,217,770
Receivables:				
Property taxes receivable	21,299	39,456	69,635	29,588
Accrued interest receivable	7,744	-	479	1,786
Other receivables	123,641	75,046	-	-
Due from other governmental units	929,610	-	-	73,638
Due from other funds	516,466	150,546	2,850	440
Prepaid expenses and other assets	54,114	73,770	35	18,513
Total assets	\$ 12,448,721	\$ 1,483,842	\$ 4,561,453	\$ 2,341,735
Liabilities				
Accounts payable	\$ 80,099	\$ 46,684	\$ 636,321	\$ 31,977
Due to other governmental units	8,385	-	-	-
Due to other funds	153,479	-	-	-
Refundable deposits, bonds, etc.	-	-	-	500
Accrued liabilities and other	153,489	93,994	424	28,908
Unearned revenue	1,065,253	-	-	-
Total liabilities	1,460,705	140,678	636,745	61,385
Deferred Inflows of Resources - Unavailable revenue	148,843	-	-	-
Fund Balances				
Nonspendable - Prepaid expenses	54,114	73,770	35	18,513
Restricted:				
Police	-	-	3,924,673	-
Fire	-	1,269,394	-	-
Cable	127,106	-	-	-
Parks	-	-	-	2,261,837
Trails	-	-	-	-
Historic District Commission	-	-	-	-
Library	-	-	-	-
Land preservation	-	-	-	-
Assigned:				
Subsequent year's budget	1,150,175	-	-	-
Roads	169,000	-	-	-
Beautification	135,742	-	-	-
Bike path	66,926	-	-	-
Unassigned	9,136,110	-	-	-
Total fund balances	10,839,173	1,343,164	3,924,708	2,280,350
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,448,721	\$ 1,483,842	\$ 4,561,453	\$ 2,341,735

Governmental Funds
Balance Sheet

March 31, 2022

Land Preservation Fund	Nonmajor Funds	Total Governmental Funds
\$ 1,409,690	\$ 3,330,857	\$ 23,387,642
25,380	53,155	238,513
-	1,786	11,795
-	-	198,687
301,911	-	1,305,159
-	-	670,302
4,803	1,967	153,202
\$ 1,741,784	\$ 3,387,765	\$ 25,965,300
\$ 21,893	\$ 4,436	\$ 821,410
-	17,165	25,550
516,425	398	670,302
-	-	500
6,540	5,386	288,741
-	-	1,065,253
544,858	27,385	2,871,756
301,911	-	450,754
4,803	1,967	153,202
-	-	3,924,673
-	-	1,269,394
-	-	127,106
-	-	2,261,837
-	1,626,116	1,626,116
-	608,630	608,630
-	1,123,667	1,123,667
890,212	-	890,212
-	-	1,150,175
-	-	169,000
-	-	135,742
-	-	66,926
-	-	9,136,110
895,015	3,360,380	22,642,790
\$ 1,741,784	\$ 3,387,765	\$ 25,965,300

Charter Township of Oakland

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

March 31, 2022

Fund Balances Reported in Governmental Funds	\$ 22,642,790
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	34,445,573
Certain receivables were earned during the current fiscal year but are not available to pay for current year expenditures	450,754
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities - Employee compensated absences	<u>(285,895)</u>
Net Position of Governmental Activities	<u><u>\$ 57,253,222</u></u>

Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
Revenue				
Property taxes	\$ 797,296	\$ 1,478,908	\$ 2,610,054	\$ 1,109,013
Intergovernmental:				
Federal grants	3,500	-	-	-
State sources	2,341,929	1,684	2,973	208,878
Local grants and contributions	-	-	-	70,226
Charges for services	298,940	343,461	-	101,380
Fines and forfeitures	36,363	-	-	-
Licenses and permits:				
Cable franchise fees	371,181	-	-	-
Other licenses and permits	1,520	-	-	-
Interest and rentals:				
Investment earnings	132,409	1,997	14,412	6,226
Rental income	30,600	-	-	-
Other revenue	166,747	-	-	3,906
Total revenue	4,180,485	1,826,050	2,627,439	1,499,629
Expenditures				
Current services:				
General government	1,395,777	-	-	-
Public safety	-	2,247,501	2,412,850	-
Public works	309,404	-	-	-
Community and economic development	165,209	-	-	-
Recreation and culture	-	-	-	867,552
Capital outlay	45,599	414,819	96,986	428,532
Debt service	-	-	-	-
Total expenditures	1,915,989	2,662,320	2,509,836	1,296,084
Excess of Revenue Over (Under) Expenditures	2,264,496	(836,270)	117,603	203,545
Other Financing Sources (Uses)				
Transfers in (Note 4)	-	756,870	-	-
Transfers out (Note 4)	(756,870)	-	-	-
Sale of capital assets	-	79,400	-	-
Total other financing (uses) sources	(756,870)	836,270	-	-
Net Change in Fund Balances	1,507,626	-	117,603	203,545
Fund Balances - Beginning of year	9,331,547	1,343,164	3,807,105	2,076,805
Fund Balances - End of year	\$ 10,839,173	\$ 1,343,164	\$ 3,924,708	\$ 2,280,350

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2022

Land Preservation Fund	Nonmajor Funds	Total Governmental Funds
\$ 978,032	\$ 1,983,626	\$ 8,956,929
-	-	3,500
2,720,257	5,656	5,281,377
-	-	70,226
-	-	743,781
-	-	36,363
-	-	371,181
-	-	1,520
2,562	8,982	166,588
1,580	1,025	33,205
493,769	8,867	673,289
4,196,200	2,008,156	16,337,959
-	-	1,395,777
-	-	4,660,351
-	-	309,404
-	-	165,209
430,529	1,768,169	3,066,250
4,650,197	572,746	6,208,879
-	326,400	326,400
5,080,726	2,667,315	16,132,270
(884,526)	(659,159)	205,689
-	326,400	1,083,270
(326,400)	-	(1,083,270)
-	-	79,400
(326,400)	326,400	79,400
(1,210,926)	(332,759)	285,089
2,105,941	3,693,139	22,357,701
\$ 895,015	\$ 3,360,380	\$ 22,642,790

Charter Township of Oakland

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended March 31, 2022

Net Change in Fund Balances Reported in Governmental Funds	\$ 285,089
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(1,108,598)
Net book value of disposals	(91,223)
Capital outlay	7,029,928
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	328,174
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	320,000
Interest expense is recognized in the government-wide statements as it accrues	8,533
Some employee costs (compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	244
Change in Net Position of Governmental Activities	<u>\$ 6,772,147</u>

Charter Township of Oakland

Proprietary Funds Statement of Net Position

March 31, 2022

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Assets				
Current assets:				
Cash and investments (Note 2)	\$ 8,925,119	\$ 3,115,367	\$ 2,690,925	\$ 14,731,411
Receivables:				
Receivables from sales to customers on account	286,321	603,791	-	890,112
Accrued interest receivable	7,843	-	4,162	12,005
Due from other governmental units	2,057	120	-	2,177
Due from other funds	1,103	-	-	1,103
Prepaid expenses and other assets	2,789	7,200	18,009	27,998
Total current assets	9,225,232	3,726,478	2,713,096	15,664,806
Noncurrent assets:				
Restricted assets (Note 1)	494,561	-	-	494,561
Capital assets: (Note 3)				
Assets not subject to depreciation	442,015	491,929	-	933,944
Assets subject to depreciation - Net	8,593,334	13,499,778	55,019	22,148,131
Total noncurrent assets	9,529,910	13,991,707	55,019	23,576,636
Total assets	18,755,142	17,718,185	2,768,115	39,241,442
Liabilities				
Current liabilities:				
Accounts payable	1,885	76,363	39,179	117,427
Due to other governmental units	60,716	-	-	60,716
Due to other funds	-	1,103	-	1,103
Refundable deposits, bonds, etc.	-	180,500	415,517	596,017
Accrued liabilities and other	26,373	-	12,326	38,699
Compensated absences	-	-	24,957	24,957
Current portion of long-term debt (Note 5)	147,222	-	-	147,222
Total current liabilities	236,196	257,966	491,979	986,141
Noncurrent liabilities:				
Compensated absences	-	-	9,457	9,457
Long-term debt (Note 5)	2,388,255	-	-	2,388,255
Total noncurrent liabilities	2,388,255	-	9,457	2,397,712
Total liabilities	2,624,451	257,966	501,436	3,383,853
Net Position				
Net investment in capital assets	6,994,433	13,991,707	55,019	21,041,159
Unrestricted	9,136,258	3,468,512	2,211,660	14,816,430
Total net position	\$ 16,130,691	\$ 17,460,219	\$ 2,266,679	\$ 35,857,589

Charter Township of Oakland

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended March 31, 2022

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Operating Revenue				
Sale of water	\$ -	\$ 1,478,038	\$ -	\$ 1,478,038
Sewage disposal charges	1,180,429	-	-	1,180,429
Permit revenue	-	-	654,443	654,443
Other operating revenue	104,337	208,248	872	313,457
Total operating revenue	1,284,766	1,686,286	655,315	3,626,367
Operating Expenses				
Cost of water	-	1,456,450	-	1,456,450
Cost of sewage treatment	788,953	-	-	788,953
Other operation and maintenance	12,664	-	-	12,664
Billing and administrative costs	94,613	200,970	-	295,583
Other operating expense	161,033	161,708	-	322,741
Building inspections and related activity	-	-	789,018	789,018
Depreciation	304,286	542,982	37,039	884,307
Total operating expenses	1,361,549	2,362,110	826,057	4,549,716
Operating Loss	(76,783)	(675,824)	(170,742)	(923,349)
Nonoperating Revenue (Expense)				
Investment income	51,575	13,593	14,542	79,710
Interest expense	(37,164)	-	-	(37,164)
Other nonoperating expenses	(321,686)	(137,495)	-	(459,181)
Debt service charges and other	247,342	-	-	247,342
Other nonoperating revenue	-	839,914	-	839,914
Total nonoperating (expense) revenue	(59,933)	716,012	14,542	670,621
(Loss) Income - Before capital contributions	(136,716)	40,188	(156,200)	(252,728)
Capital Contributions	105,746	-	-	105,746
Change in Net Position	(30,970)	40,188	(156,200)	(146,982)
Net Position - Beginning of year	16,161,661	17,420,031	2,422,879	36,004,571
Net Position - End of year	<u>\$ 16,130,691</u>	<u>\$ 17,460,219</u>	<u>\$ 2,266,679</u>	<u>\$ 35,857,589</u>

Charter Township of Oakland

**Proprietary Funds
Statement of Cash Flows**

Year Ended March 31, 2022

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,320,044	\$ 1,739,526	\$ 655,315	\$ 3,714,885
Payments to suppliers	(1,045,409)	(1,984,817)	(421,352)	(3,451,578)
Payments to employees	-	-	(334,328)	(334,328)
Net cash and cash equivalents provided by (used in) operating activities	274,635	(245,291)	(100,365)	(71,021)
Cash Flows from Noncapital Financing Activities				
Nonoperating items charged by the County	(73,924)	(137,495)	-	(211,419)
Nonoperating grant expenses	(420)	-	-	(420)
Net cash and cash equivalents used in noncapital financing activities	(74,344)	(137,495)	-	(211,839)
Cash Flows from Capital and Related Financing Activities				
Receipt of capital charges	103,689	839,914	-	943,603
Purchase of capital assets	(62,210)	(188,887)	(3,602)	(254,699)
Principal and interest paid on capital debt	(182,760)	-	-	(182,760)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(141,281)	651,027	(3,602)	506,144
Cash Flows from Investing Activities				
Interest received on investments	134,254	13,593	27,972	175,819
Purchase of investment securities	(710,079)	(2,236)	(6,008)	(718,323)
Net cash and cash equivalents (used in) provided by investing activities	(575,825)	11,357	21,964	(542,504)
Net (Decrease) Increase in Cash and Cash Equivalents	(516,815)	279,598	(82,003)	(319,220)
Cash and Cash Equivalents - Beginning of year	7,059,077	2,370,606	1,522,779	10,952,462
Cash and Cash Equivalents - End of year	<u>\$ 6,542,262</u>	<u>\$ 2,650,204</u>	<u>\$ 1,440,776</u>	<u>\$ 10,633,242</u>
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 8,925,119	\$ 3,115,367	\$ 2,690,925	\$ 14,731,411
Less amounts classified as investments	(2,382,857)	(465,163)	(1,250,149)	(4,098,169)
Total cash and cash equivalents	<u>\$ 6,542,262</u>	<u>\$ 2,650,204</u>	<u>\$ 1,440,776</u>	<u>\$ 10,633,242</u>

Charter Township of Oakland

**Proprietary Funds
Statement of Cash Flows (Continued)**

Year Ended March 31, 2022

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (76,783)	\$ (675,824)	\$ (170,742)	\$ (923,349)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	304,286	542,982	37,039	884,307
Changes in assets and liabilities:				
Receivables	35,020	53,240	-	88,260
Prepaid and other assets	(11)	-	(340)	(351)
Compensated absences	-	-	(6,832)	(6,832)
Accounts payable and other accrued liabilities	12,123	(165,689)	40,510	(113,056)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 274,635</u>	<u>\$ (245,291)</u>	<u>\$ (100,365)</u>	<u>\$ (71,021)</u>

Noncash Capital and Related Financing Activities - During the year ended March 31, 2022, Oakland County, Michigan constructed approximately \$285,000 of sewer lines for the Oakland-Macomb Interceptor project, for which the Township reduced restricted assets held at the County or recorded a capital contribution.

Charter Township of Oakland

Fiduciary Funds Statement of Fiduciary Net Position

March 31, 2022

	<u>Total Custodial Funds</u>
Assets - Cash and cash equivalents	\$ 82,307
Liabilities - Accounts payable	<u>6,878</u>
Net Position - Restricted - Lake improvements	<u><u>\$ 75,429</u></u>

Charter Township of Oakland

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended March 31, 2022

	<u>Total Custodial Funds</u>
Additions	
Lake improvement assessments	\$ 47,803
Property tax collections	33,621,194
Deductions	
Lake improvements	46,540
Property tax disbursements	<u>33,621,194</u>
Net Increase in Fiduciary Net Position	1,263
Net Position - Beginning of year	<u>74,166</u>
Net Position - End of year	<u><u>\$ 75,429</u></u>

March 31, 2022

Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Charter Township of Oakland (the "Township"):

Reporting Entity

The Charter Township of Oakland is governed by an elected seven-member township board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. The accompanying financial statements present the financial operations of the Township.

Blended Component Unit

The Parks and Recreation Commission is governed by seven popularly elected members. Although it is legally separate from the Township, the Parks and Recreation Commission is reported as if it were part of the primary government because its responsibilities include acquisition, planning, and management of the Township's parks, as well as providing recreational opportunities to the Township's citizens.

Jointly Governed Organizations

The Paint Creek Trailways Commission (the "Commission"), a joint venture agreement effective December 23, 1981, was entered into by the Charter Township of Oakland; the Charter Township of Orion; the City of Rochester Hills, Michigan; and the City of Rochester, Michigan for the purpose of establishing and providing for the powers and duties of the Paint Creek Trailways Commission, pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Commission is a separate legal entity for the purpose of owning, exercising right of dominion over, developing, providing, maintaining, and operating certain nonmotorized public trails for recreational use within the jurisdictions of member governmental units. The Township appoints two commissioners to the governing board, which is responsible for approving the annual budget. Pursuant to the agreement, each member shall be responsible for an equal share of the Commission's budget. For the fiscal year ended March 31, 2022, the Charter Township of Oakland provided \$28,012 to the Commission. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Paint Creek Trailways Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the joint venture may be obtained at Paint Creek Trailways Commission, 4393 Collins Road, Rochester, MI 48306.

The Older Persons' Commission, an interlocal agreement effective March 28, 1985 and amended on August 28, 1995, was entered into by the Charter Township of Oakland; the City of Rochester Hills, Michigan; and the City of Rochester, Michigan for the purpose of establishing an older persons' commission pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Older Persons' Commission is a separate legal entity for the purpose of providing activities and services for older persons, defined as those individuals 50 years of age or older residing in the governmental units that are parties to the agreement. The activities and services to be provided include, but are not limited to, the joint ownership and operation of an older persons' activity center and transportation. The Township appoints one member to the Older Persons' Commission. Pursuant to the agreement, each member shall be responsible for its pro rata share of the budget based upon its assessed valuation of the property. During the fiscal year ended March 31, 2022, the Charter Township of Oakland provided \$637,497 to the Older Persons' Commission. The Older Persons' Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the Older Persons' Commission may be obtained at Older Persons' Commission, 650 Letica Drive, Rochester, MI 48307.

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Township.

Note 1 - Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Township to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Township reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Fire Fund accounts for all revenue and expenditures for the Township's fire operations, including millage collection.
- The Police Fund accounts for the Township's police protection contracted with Oakland County, Michigan. The protection is funded through a special millage.
- The Parks Fund accounts for all revenue and expenditures for the Township's public parks. The activities are funded through a millage collection.
- The Land Preservation Fund accounts for all revenue and expenditures for the Township's activities related to the purchase and maintenance of property for future public use.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following funds as major enterprise funds:

- The Sewer Fund provides disposals of sanitary sewage in exchange for quarterly user charges.
- The Water Fund provides water to customers in exchange for quarterly user charges.
- The Building Fund accounts for all revenue and expenditures related to building permits and inspections. The activities are funded through fees collected for the inspections.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Custodial funds account for assets held by the Township in a trustee capacity.

Interfund Activity

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Township has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, grant revenue, and interest associated with the current fiscal period. Conversely, a portion of state-shared revenue will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Note 1 - Significant Accounting Policies (Continued)

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables

In general, outstanding balances between funds are reported as due from/to other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Investments

Investments are reported at fair value. Pooled investment income generally is allocated to each fund using a weighted average.

Restricted Assets

Unspent bond proceeds and deposits held at Oakland County, Michigan for future construction are classified as restricted assets in the Sewer Fund.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
Infrastructure	10-50
Sewer lines	40-50
Buildings and improvements	15-39
Machinery and equipment	5-15
Land improvements	7
Intangible assets	30

Unearned Revenue

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. As of March 31, 2021, the General Fund balance of unearned revenue includes \$1,027,096 related to the American Rescue Plan Act cash received in advance of eligibility criteria being met and \$38,157 of miscellaneous unearned revenue. Unearned amounts are reported as liabilities.

Note 1 - Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The Land Preservation Fund is used to liquidate the current governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Township has one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in deferred inflows. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from state-shared revenue and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position of the Township is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position represents resources that are legally restricted to be spent for specific purposes; this includes any unused resources from the Township's special voted tax millages. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Township will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

The Township will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, except for transfers in for specific purposes, which are considered to be spent first if spent on the intended purpose. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Township's board is the highest level of decision-making authority for the Township that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The township board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2021 property tax revenue was levied and collectible on December 31, 2021 and is recognized as revenue in the year ended March 31, 2022 when the proceeds of the levy are budgeted and available for the financing of operations.

The Township annually sells its delinquent real property taxes to Oakland County, Michigan (the "County"), which then becomes responsible for collecting the taxes and taking any uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100 percent of face value, and, in return, the County is allowed to retain all interest and penalties it collects. The estimated present value of future delinquent collections to the Township is less than the face value that has been received because of the time value of money; however, the net present value to the County is greater than this amount because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Township received \$242,008 from this sale. At the end of the tax reversion process (approximately three years), the County charges any uncollected taxes back to the Township. Historically, this amount has not been significant.

March 31, 2022

Note 1 - Significant Accounting Policies (Continued)

The 2021 taxable valuation of the Township totaled \$1.59 billion. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	0.5016 \$	797,296
Library	0.5774	917,786
Parks	0.6977	1,109,013
Fire	0.9304	1,478,908
Police	1.6420	2,610,054
Land Preservation	0.6153	978,032
Older Persons' Commission	0.3167	503,394
OPC Transportation	0.0834	132,539
Trails Improvement	0.1621	257,634
Historic District Commission	0.1084	172,273

Compensated Absences (Vacation and Sick Leave)

It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the Township will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligation.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water, Sewer, and Building funds is charges to customers for sales and services. The Water and Sewer funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. The other nonoperating revenue and expenses are incurred at the County and reported to the Township as the County administers the activity in the Water and Sewer funds on behalf of the Township.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the period ending December 31, 2022.

Note 1 - Significant Accounting Policies (Continued)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Township does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2023. The Township is currently evaluating the impact this standard will have on the financial statements when adopted.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2023.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Township's financial statements for the period ending December 31, 2022.

Subsequent Events

The Township received approval from the State of Michigan to change its fiscal year end from March 31 to December 31 beginning December 31, 2022. The Township's next financial statements will be for the period from April 1, 2022 through December 31, 2022.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated nine banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of state statutory authority, as listed above. The Township's deposits and investments are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had bank deposits totaling \$18,607,117 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy further restricts the Township's governmental fund investments to instruments with a maturity of two years or less at the time of purchase. Commercial paper can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
Primary Government		
Michigan CLASS investment pool	\$ 1,000,499	0.20
Local Government Investment Pool	11,957,460	1.59

March 31, 2022

Note 2 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of March 31, 2022, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Michigan CLASS investment pool	\$ 1,000,499	AAAm	S&P
Local Government Investment Pool	11,957,460	Not rated	N/A

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. Approximately 3 and 31 percent of the Township's cash and investments are in the Michigan CLASS investment pool and the Oakland County Local Government Investment Pool (the "LGIP"), respectively. The LGIP is not registered with the Securities and Exchange Commission (SEC) and does not issue a separate report. The fair value position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Township has the following recurring fair value measurements as of March 31, 2022:

The Township's investments in the Oakland County LGIP (\$11,957,460) and the Michigan CLASS investment pool (\$1,000,499) are measured at net asset value.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the table below.

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies for which the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

Note 2 - Deposits and Investments (Continued)

At March 31, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 11,957,460	\$ -	No restrictions	None
Michigan CLASS investment pool	1,000,499	-	No restrictions	None
Total investments measured at NAV	<u>\$ 12,957,959</u>	<u>\$ -</u>		

The Oakland County LGIP invests assets in a manner that will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

March 31, 2022

Note 3 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

Governmental Activities

	Balance April 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2022
Capital assets not being depreciated:					
Land	\$ 20,571,451	\$ -	\$ 4,646,187	\$ -	\$ 25,217,638
Construction in progress	831,651	(796,598)	422,729	-	457,782
Subtotal	21,403,102	(796,598)	5,068,916	-	25,675,420
Capital assets being depreciated:					
Infrastructure	2,031,525	-	-	-	2,031,525
Buildings and improvements	11,270,318	2,000	161,993	-	11,434,311
Machinery and equipment	1,092,306	-	140,436	(11,213)	1,221,529
Vehicles	3,243,419	732,725	1,018,655	(487,705)	4,507,094
Office furnishings	484,230	-	-	(5,802)	478,428
Information technology	233,273	-	15,411	(2,708)	245,976
Land improvements	4,699,152	61,873	624,517	-	5,385,542
Subtotal	23,054,223	796,598	1,961,012	(507,428)	25,304,405
Accumulated depreciation:					
Infrastructure	2,031,525	-	-	-	2,031,525
Buildings and improvements	6,502,166	-	393,774	-	6,895,940
Machinery and equipment	726,920	-	95,125	(11,213)	810,832
Vehicles	2,673,035	-	117,333	(396,482)	2,393,886
Office furnishings	468,784	-	7,186	(5,802)	470,168
Information technology	188,227	-	18,221	(2,708)	203,740
Land improvements	3,251,202	-	476,959	-	3,728,161
Subtotal	15,841,859	-	1,108,598	(416,205)	16,534,252
Net capital assets being depreciated	7,212,364	796,598	852,414	(91,223)	8,770,153
Net governmental activities capital assets	\$ 28,615,466	\$ -	\$ 5,921,330	\$ (91,223)	\$ 34,445,573

March 31, 2022

Note 3 - Capital Assets (Continued)

Business-type Activities

	Balance April 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2022
Capital assets not being depreciated - Construction in progress	\$ 640,276	\$ (235,386)	\$ 529,054	\$ -	\$ 933,944
Capital assets being depreciated:					
Sewer system	14,634,700	205,023	-	-	14,839,723
Water system	16,436,692	30,363	8,954	-	16,476,009
Buildings and improvements	6,775	-	-	-	6,775
Machinery and equipment	44,121	-	3,602	-	47,723
Vehicles	103,300	-	-	-	103,300
Information technology	30,200	-	-	-	30,200
Subtotal	31,255,788	235,386	12,556	-	31,503,730
Accumulated depreciation:					
Sewer system	5,942,104	-	304,286	-	6,246,390
Water system	2,433,249	-	542,982	-	2,976,231
Buildings and improvements	3,163	-	451	-	3,614
Machinery and equipment	30,154	-	7,935	-	38,089
Vehicles	46,172	-	22,300	-	68,472
Information technology	16,450	-	6,353	-	22,803
Subtotal	8,471,292	-	884,307	-	9,355,599
Net capital assets being depreciated	22,784,496	235,386	(871,751)	-	22,148,131
Net business-type activities capital assets	\$ 23,424,772	\$ -	\$ (342,697)	\$ -	\$ 23,082,075

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 117,462
Public safety	268,273
Recreation and culture	722,863
Total governmental activities	<u>\$ 1,108,598</u>
Business-type activities:	
Water	\$ 542,982
Sewer	304,286
Building	37,039
Total business-type activities	<u>\$ 884,307</u>

Construction Commitments

The Township had ongoing construction projects at the end of the year. For those projects, the Township has spent \$363,000 to date. The remaining commitments related to the construction projects total \$197,300 as of March 31, 2022.

March 31, 2022

Note 4 - Interfund Receivables, Payables, and Transfers

Due to/from other funds reported in the fund financial statements are composed of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Land Preservation Fund	\$ 516,425
	Nonmajor governmental funds	41
	Total General Fund	516,466
Police Fund	General Fund	2,850
Fire Fund	General Fund	150,546
Parks Fund	Nonmajor governmental funds	357
	General Fund	83
	Total Parks Fund	440
Sewer Fund	Water Fund	1,103
	Total	<u>\$ 671,405</u>

The loan owed to the General Fund from the Land Preservation Fund related to money loaned to the Land Preservation Fund in order to purchase a piece of property for the Township. The remaining balances result from the time lag between the date that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Fire Fund	\$ 756,870
Land Preservation Fund	Nonmajor governmental funds	326,400
	Total	<u>\$ 1,083,270</u>

The transfer from the General Fund to the Fire Fund represents the use of unrestricted resources to finance capital acquisitions; the transfer from the Land Preservation Fund to nonmajor governmental funds represents the movement of resources to be used to service debt.

Note 5 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the government.

March 31, 2022

Note 5 - Long-term Debt (Continued)

Long-term debt activity for the year ended March 31, 2022 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Other debt - General Obligation Limited Tax Bonds, Series 2008 - Amount of issue - \$4,100,000 Maturing through 2022	4.00%	\$320,000	\$ 320,000	\$ -	\$ (320,000)	\$ -	\$ -
Accumulated compensated absences			286,139	190,908	(191,152)	285,895	188,821
Total governmental activities long-term debt			\$ 606,139	\$ 190,908	\$ (511,152)	\$ 285,895	\$ 188,821

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:							
Oakland-Macomb Interceptor Drainage District Drain Bonds - Series, 2010A - Amount of issue - \$525,666 Maturing through 2032	2.50%	\$21,066-\$32,960	\$ 321,233	\$ -	\$ (25,703)	\$ 295,530	\$ 26,307
Oakland-Macomb Interceptor Drainage District Drain Bonds - Series, 2010B - Amount of issue - \$135,065 Maturing through 2031	1.15% - 5.90%	\$4,636 - \$10,483	83,661	-	(6,551)	77,110	6,854
Oakland-Macomb Interceptor Drainage District Drain Bonds - Series, 2011 - Amount of issue - \$631,878 Maturing through 2034	2.50%	\$24,750 - \$39,477	445,137	-	(29,453)	415,684	30,072
Oakland-Macomb Interceptor Drainage District Drain Bonds - Series, 2013A - Amount of issue - \$1,378,847 Maturing through 2035	2.00%	\$56,729 - \$82,659	955,215	-	(63,926)	891,289	65,196
Oakland-Macomb Interceptor Drainage District Drain Bonds - Series, 2020A - Amount of issue - \$770,800 Maturing through 2041	2.00 - 5.00%	\$13,135 - \$54,090	770,800	-	(13,135)	757,665	18,793
Total principal outstanding			2,576,046	-	(138,768)	2,437,278	147,222
Unamortized bond premium			103,367	-	(5,168)	98,199	-
Total bonds and contracts payable			2,679,413	-	(143,936)	2,535,477	147,222
Compensated absences			35,919	23,390	(24,895)	34,414	24,957
Total business-type activities long-term debt			\$ 2,715,332	\$ 23,390	\$ (168,831)	\$ 2,569,891	\$ 172,179

Note 5 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Total interest expense for the year was approximately \$49,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Business-type Activities - Direct Borrowings		
	Principal	Interest	Total
2023	\$ 147,222	\$ 53,500	\$ 200,722
2024	151,343	62,145	213,488
2025	155,582	57,969	213,551
2026	159,712	53,647	213,359
2027	175,092	49,178	224,270
2028-2032	944,637	164,930	1,109,567
2033-2037	493,527	48,789	542,316
2038-2042	210,163	10,612	220,775
Total	<u>\$ 2,437,278</u>	<u>\$ 500,770</u>	<u>\$ 2,938,048</u>

Note 6 - Defined Contribution Pension Plan

The Township provides pension benefits to its elected officials and other qualified employees through the Oakland Charter Township Governmental Non-ERISA Retirement Plan administered by MERS. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one and one-half months from the date of employment. As established by board resolution, the Township contributes 12 percent of employees' gross earnings.

The Township's contributions for each employee are fully vested after one and one-half months of continuous service. Employees may contribute to the plan on a voluntary basis. In accordance with these requirements, the Township contributed \$270,999 during the current year.

Note 7 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical and dental claims and participates in the Michigan Municipal Risk Management Authority (the "Authority") risk pool for claims relating to property loss, torts, errors and omissions, and workers' compensation and is uninsured for unemployment compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Note 8 - Library Agreement

The Charter Township of Oakland Public Library Board has an agreement with the Rochester Hills Public Library Board for library services. In consideration for library services, the Township remits the two voter-approved library millages, as reduced by the Headlee Amendment, calculated using the previous year's taxable valuation of the Township. For the fiscal year ended March 31, 2022, the library millages totaled 0.5774 mills (2021 tax roll), which will be remitted to the Rochester Hills Public Library during the Township's fiscal year in the amount of approximately \$918,000.

Required Supplemental Information

Charter Township of Oakland

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended March 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 785,600	\$ 796,700	\$ 797,296	\$ 596
Intergovernmental:				
Federal grants	3,500	3,500	3,500	-
State sources	1,589,300	2,469,700	2,341,929	(127,771)
Charges for services	65,700	65,700	102,640	36,940
Fines and forfeitures	60,000	60,000	36,363	(23,637)
Licenses and permits:				
Cable franchise fees	374,000	374,000	371,181	(2,819)
Other licenses and permits	3,300	3,300	1,520	(1,780)
Interest and rentals:				
Investment earnings	114,550	114,550	132,409	17,859
Rental income	30,000	30,000	30,600	600
Other revenue	65,700	171,700	166,747	(4,953)
Total revenue	3,091,650	4,089,150	3,984,185	(104,965)
Expenditures				
Current services:				
General government:				
Township board	376,600	376,600	282,248	94,352
Township supervisor	19,700	19,700	15,935	3,765
Manager	233,100	236,100	227,735	8,365
Township treasurer	197,100	197,100	169,034	28,066
Assessor	143,000	143,000	134,187	8,813
Board of review	2,700	2,700	1,046	1,654
Township clerk	339,600	339,600	314,900	24,700
Buildings and grounds	334,400	334,400	245,741	88,659
Elections	12,200	12,200	2,451	9,749
Cemetery	4,000	4,000	2,500	1,500
Public works:				
Roads and projects	506,900	467,400	299,938	167,462
Street lighting	9,200	10,700	9,466	1,234
Community and economic development:				
Planning commission	113,800	121,800	91,827	29,973
Community programs and development	123,200	123,200	73,382	49,818
Capital outlay	327,000	297,000	45,599	251,401
Total expenditures	2,742,500	2,685,500	1,915,989	769,511
Excess of Revenue Over Expenditures	349,150	1,403,650	2,068,196	664,546
Other Financing Sources (Uses)				
Transfers in	196,300	196,300	196,300	-
Transfers out	(2,263,000)	(1,241,500)	(756,870)	484,630
Total other financing uses	(2,066,700)	(1,045,200)	(560,570)	484,630
Net Change in Fund Balance	(1,717,550)	358,450	1,507,626	1,149,176
Fund Balance - Beginning of year	9,331,547	9,331,547	9,331,547	-
Fund Balance - End of year	\$ 7,613,997	\$ 9,689,997	\$ 10,839,173	\$ 1,149,176

Charter Township of Oakland

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 Fire Fund

Year Ended March 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,456,700	\$ 1,477,500	\$ 1,478,908	\$ 1,408
State-shared revenue and grants	3,500	3,500	1,684	(1,816)
Charges for services	251,200	301,200	335,061	33,861
Interest income	800	800	1,997	1,197
Total revenue	1,712,200	1,783,000	1,817,650	34,650
Expenditures				
Current - Public safety	2,404,100	2,387,600	2,247,501	140,099
Capital outlay	1,579,500	679,500	414,819	264,681
Total expenditures	3,983,600	3,067,100	2,662,320	404,780
Excess of Expenditures Over Revenue	(2,271,400)	(1,284,100)	(844,670)	439,430
Other Financing Sources (Uses)				
Transfers in	2,271,400	1,249,900	765,270	(484,630)
Transfers out	-	(20,800)	-	20,800
Sale of capital assets	-	55,000	79,400	24,400
Total other financing sources	2,271,400	1,284,100	844,670	(439,430)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	1,343,164	1,343,164	1,343,164	-
Fund Balance - End of year	<u>\$ 1,343,164</u>	<u>\$ 1,343,164</u>	<u>\$ 1,343,164</u>	<u>\$ -</u>

Charter Township of Oakland

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
 Police Fund

Year Ended March 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,570,900	\$ 2,607,600	\$ 2,610,054	\$ 2,454
State-shared revenue and grants	5,000	5,000	2,973	(2,027)
Investment income	3,300	3,300	14,412	11,112
Total revenue	2,579,200	2,615,900	2,627,439	11,539
Expenditures				
Current - Public safety	2,577,800	2,579,300	2,412,850	166,450
Capital outlay	55,400	108,400	96,986	11,414
Total expenditures	2,633,200	2,687,700	2,509,836	177,864
Net Change in Fund Balance - Excess of revenue (under) over expenditures	(54,000)	(71,800)	117,603	189,403
Fund Balance - Beginning of year	3,807,105	3,807,105	3,807,105	-
Fund Balance - End of year	<u>\$ 3,753,105</u>	<u>\$ 3,735,305</u>	<u>\$ 3,924,708</u>	<u>\$ 189,403</u>

Charter Township of Oakland

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Parks Fund

Year Ended March 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,092,100	\$ 1,107,600	\$ 1,109,013	\$ 1,413
State-shared revenue and grants	378,500	313,500	279,104	(34,396)
Charges for services	90,900	90,900	101,380	10,480
Investment income	2,000	2,000	6,226	4,226
Other revenue	-	-	3,906	3,906
Total revenue	1,563,500	1,514,000	1,499,629	(14,371)
Expenditures				
Current - Recreation and culture	1,165,200	1,024,900	867,552	157,348
Capital outlay	1,121,900	793,200	428,532	364,668
Total expenditures	2,287,100	1,818,100	1,296,084	522,016
Net Change in Fund Balance - Excess of revenue (under) over expenditures	(723,600)	(304,100)	203,545	507,645
Fund Balance - Beginning of year	2,076,805	2,076,805	2,076,805	-
Fund Balance - End of year	<u>\$ 1,353,205</u>	<u>\$ 1,772,705</u>	<u>\$ 2,280,350</u>	<u>\$ 507,645</u>

Charter Township of Oakland

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Land Preservation Fund

Year Ended March 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,007,100	\$ 976,800	\$ 978,032	\$ 1,232
Intergovernmental	3,096,000	3,025,000	2,720,257	(304,743)
Interest and rentals	6,600	6,600	4,142	(2,458)
Other revenue	11,000	516,000	493,769	(22,231)
Total revenue	4,120,700	4,524,400	4,196,200	(328,200)
Expenditures				
Current services - Recreation and culture	595,400	538,000	430,529	107,471
Capital outlay	4,648,000	4,727,500	4,650,197	77,303
Total expenditures	5,243,400	5,265,500	5,080,726	184,774
Excess of Expenditures Over Revenue	(1,122,700)	(741,100)	(884,526)	(143,426)
Other Financing (Uses) Sources				
Transfers out	(326,400)	(688,000)	(326,400)	361,600
Sale of capital assets	20,000	-	-	-
Total other financing uses	(306,400)	(688,000)	(326,400)	361,600
Net Change in Fund Balance	(1,429,100)	(1,429,100)	(1,210,926)	218,174
Fund Balance - Beginning of year	2,105,941	2,105,941	2,105,941	-
Fund Balance - End of year	\$ 676,841	\$ 676,841	\$ 895,015	\$ 218,174

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, with the exception of certain charges for services between funds that are budgeted as transfers. All annual appropriations lapse at fiscal year end. During the year, the budget was amended in a legally permissible manner.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations). A comparison of actual results of operations to the General Fund and major special revenue funds budget, as adopted by the township board, is included in the required supplemental information. A comparison of the actual results of operations to the nonmajor special revenue funds budget, as adopted by the township board, is available at the clerk's office.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

A reconciliation of the budgetary comparison schedules to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

General Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 4,180,485	\$ 1,915,989
Charges for services budgeted as operating transfers	(196,300)	-
Amounts per budget statement	<u>\$ 3,984,185</u>	<u>\$ 1,915,989</u>
Fire Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 1,826,050	\$ 2,662,320
Charges for services budgeted as operating transfers	(8,400)	-
Amounts per budget statement	<u>\$ 1,817,650</u>	<u>\$ 2,662,320</u>

Other Supplemental Information

Charter Township of Oakland

	Special Revenue Funds		
	Trails Improvement	Older Persons' Commission	OPC Transportation
Assets			
Cash and investments	\$ 1,619,622	\$ -	\$ 1
Receivables:			
Property taxes receivable	6,868	13,599	3,606
Accrued interest receivable	1,786	-	-
Prepaid expenses and other assets	53	-	-
Total assets	\$ 1,628,329	\$ 13,599	\$ 3,607
Liabilities			
Accounts payable	\$ 1,620	\$ -	\$ -
Due to other governmental units	-	13,558	3,607
Due to other funds	-	41	-
Accrued liabilities and other	540	-	-
Total liabilities	2,160	13,599	3,607
Fund Balances			
Nonspendable - Prepaid expenses	53	-	-
Restricted:			
Trails	1,626,116	-	-
Historic District Commission	-	-	-
Library	-	-	-
Total fund balances	1,626,169	-	-
Total liabilities and fund balances	\$ 1,628,329	\$ 13,599	\$ 3,607

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

March 31, 2022

Special Revenue Funds		Debt Service Fund	
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total
\$ 1,100,293	\$ 610,941	\$ -	\$ 3,330,857
24,486	4,596	-	53,155
-	-	-	1,786
-	1,914	-	1,967
\$ 1,124,779	\$ 617,451	\$ -	\$ 3,387,765
\$ 1,112	\$ 1,704	\$ -	\$ 4,436
-	-	-	17,165
-	357	-	398
-	4,846	-	5,386
1,112	6,907	-	27,385
-	1,914	-	1,967
-	-	-	1,626,116
-	608,630	-	608,630
1,123,667	-	-	1,123,667
1,123,667	610,544	-	3,360,380
\$ 1,124,779	\$ 617,451	\$ -	\$ 3,387,765

Charter Township of Oakland

	Special Revenue Funds		
	Trails Improvement	Older Persons' Commission	OPC Transportation
Revenue			
Property taxes	\$ 257,634	\$ 503,394	\$ 132,539
Intergovernmental - State sources	771	1,226	397
Interest and rentals:			
Investment earnings	5,780	-	-
Rental income	-	-	-
Other revenue	-	-	-
Total revenue	264,185	504,620	132,936
Expenditures			
Current services - Recreation and culture	112,884	504,620	132,936
Capital outlay	542,689	-	-
Debt service	-	-	-
Total expenditures	655,573	504,620	132,936
Excess of Revenue (Under) Over Expenditures	(391,388)	-	-
Other Financing Sources - Transfers in	-	-	-
Net Change in Fund Balances	(391,388)	-	-
Fund Balances - Beginning of year	2,017,557	-	-
Fund Balances - End of year	\$ 1,626,169	\$ -	\$ -

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Nonmajor Governmental Funds

Year Ended March 31, 2022

Special Revenue Funds		Debt Service Fund		
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total	
\$ 917,786	\$ 172,273	\$ -	\$ 1,983,626	
2,746	516	-	5,656	
1,544	1,658	-	8,982	
-	1,025	-	1,025	
-	8,867	-	8,867	
922,076	184,339	-	2,008,156	
894,080	123,649	-	1,768,169	
-	30,057	-	572,746	
-	-	326,400	326,400	
894,080	153,706	326,400	2,667,315	
27,996	30,633	(326,400)	(659,159)	
-	-	326,400	326,400	
27,996	30,633	-	(332,759)	
1,095,671	579,911	-	3,693,139	
\$ 1,123,667	\$ 610,544	\$ -	\$ 3,360,380	

Charter Township of Oakland

Other Supplemental Information
Statement of Fiduciary Net Position
Custodial Funds

March 31, 2022

	Lake Improvement	Tax Collections	Total
Assets - Cash and cash equivalents	\$ 82,307	\$ -	\$ 82,307
Liabilities - Accounts payable	6,878	-	6,878
Net Position - Restricted - Lake improvements	<u>\$ 75,429</u>	<u>\$ -</u>	<u>\$ 75,429</u>

Charter Township of Oakland

**Other Supplemental Information
Statement of Changes in Fiduciary Net Position
Custodial Funds**

Year Ended March 31, 2022

	Lake Improvement	Tax Collections	Total
Additions			
Lake improvement assessments	\$ 47,803	\$ -	\$ 47,803
Property tax collections	-	33,621,194	33,621,194
Deductions			
Lake improvements	46,540	-	46,540
Property tax disbursements	-	33,621,194	33,621,194
Net Increase in Fiduciary Net Position	1,263	-	1,263
Net Position - Beginning of year	74,166	-	74,166
Net Position - End of year	<u>\$ 75,429</u>	<u>\$ -</u>	<u>\$ 75,429</u>